

**ROANE STATE COMMUNITY COLLEGE FOUNDATION**

**FOR THE YEARS ENDED  
JUNE 30, 1995, AND JUNE 30, 1994**

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Editor

October 3, 1996

The Honorable Don Sundquist, Governor  
and

Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

and

The Honorable Charles E. Smith, Chancellor  
Tennessee Board of Regents  
1415 Murfreesboro Road, Suite 350  
Nashville, Tennessee 37217

and

Mr. William Manly, Chairman  
Roane State Community College Foundation  
Route 1, Box 197-A  
Kingston, Tennessee 37763

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Roane State Community College Foundation for the years ended June 30, 1995, and June 30, 1994. You will note from the independent auditor's report that an unqualified opinion was given on the fairness of the presentation of the financial statements.

Consideration of the internal control structure and tests of compliance resulted in no audit findings.

Very truly yours,

W. R. Snodgrass  
Comptroller of the Treasury

WRS/tp  
96/066

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Roane State Community College Foundation**  
For the Years Ended June 30, 1995, and June 30, 1994

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## AUDIT OBJECTIVES

The objectives of the audit were to consider the foundation's internal control structure; to determine compliance with laws, regulations, and grants; to determine the fairness of the presentation of the financial statements; and to recommend appropriate actions to correct any deficiencies.

## AUDIT FINDINGS

The audit report contains no findings.

## OPINION ON FINANCIAL STATEMENTS

The opinion on the financial statements is unqualified.

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 741-3697

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AUDIT REPORT  
ROANE STATE COMMUNITY COLLEGE FOUNDATION  
FOR THE YEARS ENDED JUNE 30, 1995, AND JUNE 30, 1994

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ROANE STATE COMMUNITY COLLEGE FOUNDATION  
FOR THE YEARS ENDED JUNE 30, 1995, AND JUNE 30, 1994

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INTRODUCTION

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**POST-AUDIT AUTHORITY**

This is a report on the financial and compliance audit of the Roane State Community College Foundation. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any state governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

**OBJECTIVES OF THE AUDIT**

The objectives of the audit were

1. to consider the foundation’s internal control structure to determine auditing procedures for the purpose of expressing an opinion on the financial statements;
2. to determine compliance with laws, regulations, and grants;
3. to determine the fairness of the presentation of the financial statements; and
4. to recommend appropriate actions to correct any deficiencies.

**SCOPE OF THE AUDIT**

The audit was limited to the period July 1, 1993, through June 30, 1995, and was conducted in accordance with generally accepted government auditing standards. Financial statements are presented for the years ended June 30, 1995, and June 30, 1994.

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## BACKGROUND AND ORGANIZATION

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### BACKGROUND

The Roane State Community College Foundation is a nonprofit, private foundation incorporated on May 1, 1979, under the laws of the State of Tennessee. The foundation's purpose is to promote and support scholarship and other school-related functions at Roane State Community College.

### ORGANIZATION

The Roane State Community College Foundation is governed by a board of directors, including the president of the college and the executive director of the foundation who serve *ex officio*. The other directors, elected by the majority of the board members, include outstanding citizens and business and/or professional men and women. The board's normal transactions are executed by a six-member executive committee.

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## PRIOR AUDIT FINDINGS

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There were no findings in the prior audit report.

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## RESULTS OF THE AUDIT

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### AUDIT CONCLUSIONS

#### Internal Control Structure

As part of the audit of the foundation's financial statements for the years ended June 30, 1995, and June 30, 1994, we considered the internal control structure to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by generally accepted government auditing standards. The report on the internal control structure is on the following pages. Consideration of the internal control structure disclosed no material weaknesses.



### Compliance with Laws and Regulations

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under generally accepted government auditing standards. The compliance report follows the report on the internal control structure.

### Fairness of Financial Statement Presentation

The Division of State Audit has rendered an unqualified opinion on the foundation's financial statements. The independent auditor's report follows the compliance report.

**Report on the Internal Control Structure  
Based on an Audit of the Financial Statements  
Performed in Accordance With  
*Government Auditing Standards***

June 7, 1996

The Honorable W. R. Snodgrass  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the financial statements of the Roane State Community College Foundation as of and for the years ended June 30, 1995, and June 30, 1994, and have issued our report thereon dated June 7, 1996.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The foundation's management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

The Honorable W. R. Snodgrass  
June 7, 1996  
Page Two

In planning and performing our audit of the foundation's financial statements for the years ended June 30, 1995, and June 30, 1994, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been place in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal controls structure and its operation that we have reported to the foundation's management in a separate letter.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/tp

**Compliance Report Based on an Audit of the  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

June 7, 1996

The Honorable W. R. Snodgrass  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the financial statements of the Roane State Community College Foundation as of and for the years ended June 30, 1995, and June 30, 1994, and have issued our report thereon dated June 7, 1996.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, and grants applicable to the foundation is the responsibility of the foundation's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the foundation's compliance with certain provisions of laws, regulations, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under generally accepted government auditing standards.

The Honorable W. R. Snodgrass  
June 7, 1996  
Page Two

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/tp

## **Independent Auditor's Report**

June 7, 1996

The Honorable W. R. Snodgrass  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the accompanying balance sheets of the Roane State Community College Foundation as of June 30, 1995, and June 30, 1994, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the years then ended. These financial statements are the responsibility of the foundation's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Roane State Community College Foundation as of June 30, 1995, and June 30, 1994, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the years then ended in conformity with generally accepted accounting principles.

The Honorable W. R. Snodgrass  
June 7, 1996  
Page Two

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules, following the notes to the financial statements, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with generally accepted government auditing standards, we have also issued reports dated June 7, 1996, on our consideration of the foundation's internal control structure and on its compliance with laws, regulations, and grants.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/tp

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
BALANCE SHEETS  
JUNE 30, 1995, AND JUNE 30, 1994

<u>ASSETS</u>	<u>June 30, 1995</u>	<u>June 30, 1994</u>	<u>LIABILITIES AND FUND BALANCES</u>	<u>June 30, 1995</u>	<u>June 30, 1994</u>
Current funds:			Current funds:		
Unrestricted:			Unrestricted:		
Cash (Note 2)	\$ 8,090.82	\$ 8,271.31	Liabilities:		
Investments (Notes 2 and 3)	34,619.55	15,899.08	Accounts payable	\$ 72.67	\$ 2,389.45
Accrued interest receivable	4,295.32	8,053.50			
			Fund balance:		
			Unallocated	46,933.02	29,834.44
Total unrestricted	47,005.69	32,223.89	Total unrestricted	47,005.69	32,223.89
Restricted:			Restricted:		
Cash (Note 2)	121,264.68	112,133.99	Liabilities:		
Investments (Notes 2 and 3)	525,949.19	557,564.35	Accounts payable	4,000.00	4,090.18
Real estate	2,133,219.90	562,700.00			
Accounts receivable	260,400.00	438,213.30	Fund balance	3,036,833.77	1,666,521.46
Total restricted	3,040,833.77	1,670,611.64	Total restricted	3,040,833.77	1,670,611.64
Total current funds	\$ 3,087,839.46	\$ 1,702,835.53	Total current funds	\$ 3,087,839.46	\$ 1,702,835.53
Endowment and similar funds:			Endowment and similar funds:		
Cash (Note 2)	\$ 21,326.97	\$ 40,762.46	Liabilities:		
Investments (Notes 2 and 3)	2,654,230.12	2,185,601.15	Interest payable	\$ 10,776.93	\$ 24,855.67
Accrued interest receivable	4,507.10	649.52			
Real estate	55,000.00	-	Fund balances:		
Accounts receivable	25,685.00	28,575.00	Endowment	1,172,391.25	1,090,762.59
			Term endowment	1,529,224.64	1,269,765.00
			Quasi-endowment - restricted	48,356.37	(129,795.13)
			Total fund balances	2,749,972.26	2,230,732.46
Total endowment and similar funds	\$ 2,760,749.19	\$ 2,255,588.13	Total endowment and similar funds	\$ 2,760,749.19	\$ 2,255,588.13

The notes to the financial statements are an integral part of this statement.



ROANE STATE COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 1995

	Current Funds		Endowment and Similar Funds
	<u>Unrestricted</u>	<u>Restricted</u>	
<u>REVENUES AND OTHER ADDITIONS</u>			
Contributions	\$ 28,827.00	\$ 1,450,414.04	\$ 296,186.09
Investment income	33,929.79	217.52	160,621.26
Auction	89,996.39	-	-
Special events	10,930.26	-	-
Gain on sale of real estate	-	29,386.11	-
Unrealized gain on investments	-	8,500.00	180,401.50
Total revenues and other additions	<u>163,683.44</u>	<u>1,488,517.67</u>	<u>637,208.85</u>
<u>EXPENDITURES AND OTHER DEDUCTIONS</u>			
Public relations	13,376.01	-	-
Administrative	30,212.20	-	-
Chamber memberships	2,070.00	-	-
Special events	56,912.15	-	-
Foundation programs	-	148,305.86	42,531.39
Trust payments	-	-	87,101.66
Loss on sale of government bonds	-	-	2,250.00
Total expenditures and other deductions	<u>102,570.36</u>	<u>148,305.86</u>	<u>131,883.05</u>
<u>TRANSFERS AMONG FUNDS - ADDITIONS</u> <u>(DEDUCTIONS)</u>			
Nonmandatory:			
Restricted current funds	(30,100.50)	30,100.50	-
Endowment and similar funds	(13,914.00)	-	13,914.00
Total transfers	<u>(44,014.50)</u>	<u>30,100.50</u>	<u>13,914.00</u>
Net increases for the year	17,098.58	1,370,312.31	519,239.80
Fund balances at beginning of year	<u>29,834.44</u>	<u>1,666,521.46</u>	<u>2,230,732.46</u>
Fund balances at end of year	<u>\$ 46,933.02</u>	<u>\$ 3,036,833.77</u>	<u>\$ 2,749,972.26</u>

The notes to the financial statements are an integral part of this statement.

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 1994

	Current Funds		Endowment and Similar Funds
	Unrestricted	Restricted	
<b><u>REVENUES AND OTHER ADDITIONS</u></b>			
Contributions	\$ 97,984.86	\$ 784,199.80	\$ 67,718.50
Investment income	32,182.30	225.06	134,773.69
Total revenues and other additions	130,167.16	784,424.86	202,492.19
<b><u>EXPENDITURES AND OTHER DEDUCTIONS</u></b>			
Public relations	13,442.76	-	-
Administrative	25,317.63	-	-
Chamber memberships	2,190.00	-	-
Special events	40,878.38	-	-
Foundation programs	-	422,353.41	28,262.76
Unrealized loss on investments	-	8,500.00	273,591.49
Trust payments	-	-	77,189.00
Total expenditures and other deductions	81,828.77	430,853.41	379,043.25
<b><u>TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)</u></b>			
Nonmandatory:			
Restricted current funds	(6,210.74)	16,210.74	(10,000.00)
Endowment and similar funds	(23,161.88)	-	23,161.88
Total transfers	(29,372.62)	16,210.74	13,161.88
Net increases (decrease) for the year	18,965.77	369,782.19	(163,389.18)
Fund balances at beginning of year	10,868.67	1,296,739.27	2,394,121.64
Fund balances at end of year	\$ 29,834.44	\$ 1,666,521.46	\$ 2,230,732.46

The notes to the financial statements are an integral part of this statement.

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES  
FOR THE YEAR ENDED JUNE 30, 1995

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>REVENUES</u>			
Contributions	\$ 28,827.00	\$ 118,702.23	\$ 147,529.23
Investment income	33,929.79	217.52	34,147.31
Auction	89,996.39	-	89,996.39
Special events	10,930.26	-	10,930.26
Gain on sale of real estate	-	29,386.11	29,386.11
Total current revenues	<u>163,683.44</u>	<u>148,305.86</u>	<u>311,989.30</u>
<u>EXPENDITURES AND TRANSFER</u>			
Expenditures:			
Public relations	13,376.01	-	13,376.01
Administrative	30,212.20	-	30,212.20
Chamber memberships	2,070.00	-	2,070.00
Special events	56,912.15	-	56,912.15
Foundation programs	-	148,305.86	148,305.86
Total expenditures	<u>102,570.36</u>	<u>148,305.86</u>	<u>250,876.22</u>
Nonmandatory transfer for:			
Endowment and similar funds	<u>13,914.00</u>	<u>-</u>	<u>13,914.00</u>
Total expenditures and transfer	<u>116,484.36</u>	<u>148,305.86</u>	<u>264,790.22</u>
<u>OTHER TRANSFERS AND ADDITION</u>			
Excess of restricted receipts over transfers to revenues	-	1,340,211.81	1,340,211.81
Transfers from other funds	-	30,100.50	30,100.50
Transfer to other funds	<u>(30,100.50)</u>	<u>-</u>	<u>(30,100.50)</u>
Net increases in fund balances	\$ <u>17,098.58</u>	\$ <u>1,370,312.31</u>	\$ <u>1,387,410.89</u>

The notes to the financial statements are an integral part of this statement.

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES  
FOR THE YEAR ENDED JUNE 30, 1994

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Contributions	\$ 97,984.86	\$ 422,128.35	\$ 520,113.21
Investment income	<u>32,182.30</u>	<u>225.06</u>	<u>32,407.36</u>
Total current revenues	<u>130,167.16</u>	<u>422,353.41</u>	<u>552,520.57</u>
<b><u>EXPENDITURES AND TRANSFER</u></b>			
Expenditures:			
Public relations	13,442.76	-	13,442.76
Administrative	25,317.63	-	25,317.63
Chamber memberships	2,190.00	-	2,190.00
Special events	40,878.38	-	40,878.38
Foundation programs	<u>-</u>	<u>422,353.41</u>	<u>422,353.41</u>
Total expenditures	<u>81,828.77</u>	<u>422,353.41</u>	<u>504,182.18</u>
Nonmandatory transfer for:			
Endowment and similar funds	<u>23,161.88</u>	<u>-</u>	<u>23,161.88</u>
Total expenditures and transfer	<u>104,990.65</u>	<u>422,353.41</u>	<u>527,344.06</u>
<b><u>OTHER TRANSFERS AND ADDITION (DEDUCTION)</u></b>			
Excess of restricted receipts over transfers to revenues	-	362,071.45	362,071.45
Transfers from other funds	-	16,210.74	16,210.74
Transfer to other fund	(6,210.74)	-	(6,210.74)
Unrealized loss on investments	<u>-</u>	<u>(8,500.00)</u>	<u>(8,500.00)</u>
Net increases in fund balances	\$ <u>18,965.77</u>	\$ <u>369,782.19</u>	\$ <u>388,747.96</u>

The notes to the financial statements are an integral part of this statement.

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1995, AND JUNE 30, 1994

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Roane State Community College Foundation was created to promote and support scholarship and other school-related functions at Roane State Community College. All corporate powers of the foundation are exercised by the board of directors. For financial reporting purposes, the foundation includes all fund types over which the board of directors exercises oversight responsibility.

**BASIS OF PRESENTATION**

The financial statements of the foundation have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The foundation uses the AICPA College Guide model for accounting and financial reporting.

**BASIS OF ACCOUNTING**

The financial statements of the foundation have been prepared on the accrual basis. Under this method, revenues are recorded when earned and expenditures at the time liabilities are incurred. All restricted resources are recorded as additions to the fund balances of the appropriate fund groups. Restricted current resources are then recorded as revenues during the period in which they are expended. The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period, as would a statement of income or a statement of revenues and expenses.

**FUND ACCOUNTING**

To ensure observance of limitations and restrictions placed on the use of the resources available, the foundation maintains accounts in accordance with the

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 1995, AND JUNE 30, 1994

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principles of fund accounting. With this procedure, resources for various purposes are classified for accounting and reporting purposes into funds for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds with similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds which are allocated to specific purposes by the governing board. Externally restricted funds may be used only in accordance with the purposes established by the source of such funds and contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund that owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds. This income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds. All other unrestricted revenue is accounted for in the unrestricted current funds. Restricted gifts, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

#### Current Funds

Unrestricted current funds consist of those funds over which the foundation retains full control for use in achieving any of its authorized institutional purposes. Restricted current funds are externally restricted and may be used only in accordance with the purposes established by their source.

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 1995, AND JUNE 30, 1994

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Endowment and Similar Funds

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income be used. Term endowment funds are similar to endowment funds, except that after a stated period of time or a particular event, all or part of the principal may be expended. Although quasi-endowment funds have been established by the governing board for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended.

**NOTE 2. DEPOSITS**

Deposits with financial institutions are required to be categorized to indicate the level of risk assumed by the foundation. Category 1 consists of deposits that are insured or collateralized with securities held by the foundation or by its agent in the foundation's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the foundation's name. Category 3 deposits are uncollateralized. This category includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the foundation's name.

At June 30, 1995, the carrying amount of the foundation's deposits was \$374,847.40, and the bank balance including accrued interest was \$395,780.84. Of the bank balance, \$294,455.59 was category 1, and \$101,325.25 was category 2. For the months of August 1994 through February 1995, the foundation had uncollateralized amounts as high as \$530,941.67.

At June 30, 1994, the carrying amount of the foundation's deposits was \$673,642.05, and the bank balance including accrued interest was \$645,969.87. The bank balance was category 1. From July 1, 1993, through June 15, 1994, the foundation had uncollateralized amounts as high as \$504,032.25. The uncollateralized amounts were related to a court decision by the U. S. Court of Appeals for the Eighth Circuit which raised a question about the enforceability of security interests in collateral pledged to secure deposits held in financial institutions. The court decision was based on Section 1823(e) of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA). Because the foundation's security agreement did not meet the requirements outlined in Section 1823(e) of the act, it is uncertain whether the foundation had any priority claim to the collateral pledged to secure

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 1995, AND JUNE 30, 1994

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deposits in excess of FDIC insurance coverage. The foundation's security agreement was revised as of June 16, 1994, to meet these new requirements.

**NOTE 3. INVESTMENTS**

All investments are made in accordance with the investment committee policies. Investments are carried at fair value. Certificates of deposit have been included with other deposits in Note 2 to determine the adequacy of collateral security pledged.

The foundation's investments are categorized below to indicate the level of risk assumed by the foundation at year-end. Category 1 consists of insured or registered investments or investments for which the securities are held by the foundation or its agent in the foundation's name. Category 2 consists of uninsured and unregistered investments for which the securities are held by the counterparties' trust department or agent in the foundation's name. Category 3 consists of uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the foundation's name.

June 30, 1995

	<u>Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Government securities	\$ 200,208.91	\$ -	\$ -	\$ 200,208.91
Money market funds	143.23	-	-	143.23
Corporate stocks	<u>1,098,825.00</u>	<u>-</u>	<u>-</u>	1,098,825.00
	<u>\$1,299,177.14</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments not susceptible to credit risk categorization:				
Mutual funds				1,691,456.79
Certificates of deposit classified as investments				<u>224,164.93</u>
Total investments on the balance sheet				<u>\$3,214,798.86</u>

June 30, 1994

	<u>Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	



ROANE STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 1995, AND JUNE 30, 1994

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Government securities	\$ 206,250.00	\$ -	\$ -	\$ 206,250.00
Money market funds	8,046.58	-	-	8,046.58
Corporate stocks	<u>966,000.00</u>	<u>-</u>	<u>-</u>	966,000.00
	<u>\$1,180,296.58</u>	<u>\$ -</u>	<u>\$ -</u>	

Investments not susceptible to credit risk categorization:

Mutual funds	1,066,293.71
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Certificates of deposit classified as investments	<u>512,474.29</u>
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Total investments on the balance sheet	<u>\$2,759,064.58</u>
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ROANE STATE COMMUNITY COLLEGE FOUNDATION  
SCHEDULE OF CHANGES IN RESTRICTED CURRENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 1995

Account Number	Account Name	Fund Balance June 30, 1994	Contributions	Investment Income	Other Additions	Expenditures	Transfers	Fund Balance June 30, 1995
20-400-01	Math Scholarship	\$ 1,046.00	\$ 370.00	\$ -	\$ -	\$ -	\$ -	\$ 1,416.00
20-400-03	Honors Program	30,000.00	20,000.00	-	-	10,450.00	-	39,550.00
20-400-06	Music Scholarship Fund	2,344.93	1,481.25	-	-	3,840.00	4,900.00	4,886.18
20-400-07	Adult Student Education Scholarship	2,081.00	1,000.00	-	-	1,855.70	-	1,225.30
20-400-09	Roane County Campaign	84,527.81	119,400.00	-	-	-	-	203,927.81
20-400-10	Bank of Roane County	2.75	-	-	-	2.75	-	-
20-400-11	Obstetrics and Gynecology	1,500.00	-	-	-	1,500.00	-	-
20-400-19	Boeing Scholarship Fund	1,500.00	1,500.00	-	-	1,500.00	-	1,500.00
20-400-21	Allan Estate	165,921.40	-	-	29,386.11	2,355.86	-	192,951.65
20-400-31	Academic Festival	2,242.00	152.50	-	-	4,000.00	5,601.00	3,995.50
20-400-32	Roane/Anderson Medical Society Scholarship Fund	4,000.00	-	-	-	250.00	-	3,750.00
20-400-34	Schweinler Estate	459,100.00	-	-	-	-	-	459,100.00
20-400-38	Hoskins Pharmacy	3,253.00	1,000.00	-	-	1,000.00	-	3,253.00
20-400-39	Presidential Scholarship	4,484.46	3,834.50	-	-	7,500.00	4,000.00	4,818.96
20-400-41	Great Performing Athletes Scholarship	3,991.40	1,378.00	-	-	3,285.58	2,641.89	4,725.71
20-400-43	Environmental Health Technology	500.00	1,500.00	-	-	500.00	-	1,500.00
20-400-45	Sarah F. Cagley and Thomas Nicolay Memorial	1,515.02	1,000.00	-	-	1,000.00	-	1,515.02
20-400-46	Art Scholarships	2,426.31	3,240.00	-	-	812.00	2,000.00	6,854.31
20-400-53	General Scholarship Fund	20,139.43	27,296.36	-	-	26,417.30	6,957.61	27,976.10
20-400-60	Academic Special Projects	7,765.11	20,950.00	-	-	6,118.30	-	22,596.81
20-400-65	Health Sciences Scholarship Fund	5,978.59	738.00	-	-	635.00	-	6,081.59
20-400-67	Raider Corps	3,540.19	1,550.00	-	-	1,831.61	-	3,258.58
20-400-68	Scott County Hospital	-	2,000.00	-	-	-	-	2,000.00
20-400-70	Emergency Student Loans	986.00	-	-	-	-	-	986.00
20-400-72	Cumberland County Campus	-	4,000.00	-	-	3,000.00	-	1,000.00
20-400-82	Scott County Campus	235,030.81	6,120.00	-	-	57,714.76	-	183,436.05
20-400-88	Dental Hygiene Program	-	5,997.00	-	-	5,997.00	-	-
20-400-89	June Laing MRT Scholarship	760.98	-	-	-	500.00	-	260.98
20-400-93	Leonard C. Bailey Memorial Scholarship	3,465.60	-	217.52	-	1,000.00	-	2,683.12
20-400-94	Adult Learners	3,710.60	4,261.25	-	-	1,550.00	4,000.00	10,421.85
20-400-98	East Tennessee Foundation Scholarship	6,000.00	-	-	-	-	-	6,000.00
20-400-99	Oak Ridge Campus	617,208.07	1,221,645.18	-	-	3,690.00	-	1,835,163.25
		<u>(8,500.00)</u>	<u>-</u>	<u>-</u>	<u>8,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals		\$ <u>1,666,521.46</u>	\$ <u>1,450,414.04</u>	\$ <u>217.52</u>	\$ <u>37,886.11</u>	\$ <u>148,305.86</u>	\$ <u>30,100.50</u>	\$ <u>3,036,833.77</u>

ROANE STATE COMMUNITY COLLEGE FOUNDATION  
SCHEDULE OF CHANGES IN RESTRICTED CURRENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 1994

Account Number	Account Name	Fund Balance June 30, 1993	Contributions	Investment Income	Expenditures	Other Deduction	Transfers	Fund Balance June 30, 1994
20-400-01	Math Scholarship	\$ 949.00	\$ 397.00	\$ -	\$ 300.00	\$ -	\$ -	\$ 1,046.00
20-400-03	Honors Program	-	30,000.00	-	-	-	-	30,000.00
20-400-06	Music Scholarship Fund	4,070.59	1,356.25	-	3,081.91	-	-	2,344.93
20-400-07	Adult Student Education Scholarship	2,702.00	1,000.00	-	1,621.00	-	-	2,081.00
20-400-09	Roane County Campaign	23,464.81	51,063.00	-	-	-	10,000.00	84,527.81
20-400-10	Bank of Roane County	167.75	150.00	-	315.00	-	-	2.75
20-400-11	Obstetrics and Gynecology	1,500.00	1,500.00	-	1,500.00	-	-	1,500.00
20-400-19	Boeing Scholarship Fund	1,500.00	1,500.00	-	1,500.00	-	-	1,500.00
20-400-21	Allan Estate	124,310.50	50,058.54	-	8,447.64	-	-	165,921.40
20-400-31	Academic Festival	1,024.00	5,218.00	-	4,000.00	-	-	2,242.00
20-400-32	Roane/Anderson Medical Society Scholarship Fund	4,500.00	-	-	500.00	-	-	4,000.00
20-400-34	Schweinler Estate	459,100.00	-	-	-	-	-	459,100.00
20-400-38	Hoskins Pharmacy	1,753.00	2,000.00	-	500.00	-	-	3,253.00
20-400-39	Presidential Scholarship	7,229.65	5,480.00	-	8,225.19	-	-	4,484.46
20-400-41	Great Performing Athletes Scholarship	1,577.66	4,243.00	-	8,040.00	-	6,210.74	3,991.40
20-400-42	Paul and Janet Evans	500.00	-	-	500.00	-	-	-
20-400-43	Environmental Health Technology	500.00	-	-	-	-	-	500.00
20-400-45	Sarah F. Cagley and Thomas Nicolay Memorial	1,415.02	1,500.00	-	1,400.00	-	-	1,515.02
20-400-46	Art Scholarships	2,172.22	340.00	-	85.91	-	-	2,426.31
20-400-53	General Scholarship Fund	9,218.35	31,625.05	-	20,703.97	-	-	20,139.43
20-400-60	Academic Special Projects	8,252.40	350.00	-	837.29	-	-	7,765.11
20-400-65	Health Sciences Scholarship Fund	6,023.59	3,955.00	-	4,000.00	-	-	5,978.59
20-400-67	Raider Corps	4,580.07	1,300.00	-	2,339.88	-	-	3,540.19
20-400-68	Scott County Hospital	-	3,000.00	-	3,000.00	-	-	-
20-400-70	Emergency Student Loans	776.00	210.00	-	-	-	-	986.00
20-400-82	Scott County Campus	259,865.77	262,950.87	-	287,785.83	-	-	235,030.81
20-400-85	Nursing Lectureship	-	30,000.00	-	30,000.00	-	-	-
20-400-88	Dental Hygiene Program	-	2,497.24	-	2,497.24	-	-	-
20-400-89	June Laing MRT Scholarship	500.00	750.00	-	489.02	-	-	760.98
20-400-91	Freda Heddleson Nursing Scholarship	297.53	-	-	297.53	-	-	-
20-400-93	Leonard C. Bailey Memorial Scholarship	4,240.54	-	225.06	1,000.00	-	-	3,465.60
20-400-94	Adult Learners	7,377.35	5,319.25	-	8,986.00	-	-	3,710.60
20-400-98	East Tennessee Foundation Scholarship	6,000.00	-	-	-	-	-	6,000.00
20-400-99	Oak Ridge Campus	351,171.47	286,436.60	-	20,400.00	-	-	617,208.07
		-	-	-	-	8,500.00	-	(8,500.00)
Totals		\$ 1,296,739.27	\$ 784,199.80	\$ 225.06	\$ 422,353.41	\$ 8,500.00	\$ 16,210.74	\$ 1,666,521.46

